

UTAH CAPITAL INVESTMENT BOARD MEETING
Friday, April 16, 2004
Minutes

Members Present:	David Harmer, Sterling Jenson, Ed Alter, Robert Majka
Members Absent:	David Hemingway
Visitors:	Dan Harrison
Staff:	Jeff Gochmour, Rod Linton, Jeremy Neilson, Tamee Roberts, Jerry Jenson, Mark Renda

I. WELCOME

The meeting was called to order at 3:14 pm on Friday, April 16, 2004. Board Chair, David Harmer, welcomed everyone. The minutes from the March meeting were reviewed and a motion was called for.

MOTION: Robert Majka moved and Sterling Jenson seconded the motion to approve the March minutes as amended. The motion carried.

II. DISCUSSION ITEMS

A. UPDATE ON DISCUSSION WITH TAX COMMISSION

Mr. Harmer reported on Jeremy Neilson's efforts to finalize procedures with the Utah Tax Commission. Mr. Harmer explained to the board members that the Utah Tax Commission has worked closely with Mr. Neilson and is ready to finalize the Utah Capital Investment Board and Utah Tax Commission policy and procedure. The Tax Commission has requested the board to submit its desired policy and procedure for handling the contingent tax credit and the commission will approve or request changes to said submission. The board discussed the resulting effects of the

B. UPDATE ON THE AUDITOR LAWSUIT

Mr. Harmer gave an update on the lawsuit by the Auditors office. Basically, we have not been sued and from a conversation Mr. Neilson had with Tom Roberts, attorney for the Auditor, Mr. Roberts has been busy on a different issue and we are on hold until other tasks are completed. Mr. Harmer stated that, now that we have agreed to do a lawsuit, the key is to just get the suit files.

C. UPDATE ON MEETING WITH UTAH RETIREMENT SYSTEMS

Mr. Harmer explained that staff and he had met with the Utah Retirement Systems regarding their interest in investing in the Fund of Fund. The Utah Retirement Systems explained that they are trustees and have to act in fiduciary responsibility for the beneficiaries of the trust so their only incentive should be what provides the best risk adjusted rate of return for the beneficiaries of the trust. Normally the way they do that is they have some consultant work with them on what kind of asset classification mix they should have to maximize their return versus the risk level. Once they identify those categories they outsource that category to various groups that are going to be their gatekeepers for those particularly investment pieces. The gatekeeper then makes the evaluation in terms of where they will place the money. With regards to the Utah Fund of Funds, the Utah Retirement Systems was not interested because their investment in the Utah Fund of Funds would not be traditional and would not fit any asset class other than private equity. The resulting consequence of having our investment be classified as private equity would be to cannibalize local private equity firms seeking funds from Utah Retirement Systems.

D. UPDATE ON THE UTAH CAPITAL INVESTMENT CORPORATION BOARD MEETING

Jeremy Neilson outlined the goals of the Utah Capital Investment Corporation Board (UCICB) as set forth in the April 12 meeting. The UCICB appointed a chairman, Will West, to head the process. The corporation will be making application to the IAF committee for the funds earmarked for their administrative purposes.

E. NEXT STEP OF THE UTAH CAPITAL INVESTMENT BOARD

The State Board feels it is important to focus on the tax commission issue and get it in writing and reviewed by the tax commission. The auditor's litigation is also critical to our success. It is important to put all the issues on the table at once so all the problems will be taken care of in one lawsuit.

III. ADJOURNMENT

With all agenda items addressed, the meeting adjourned at 4:05 pm.